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The situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development

The situation in Central America

Report of the Secretary-General**

Summary

The present report outlines developments in the past year related to the countries of Central America, in particular, efforts to overcome the aftermath of the conflicts of the 1980s and to build equitable, democratic and peaceful societies. It also provides information on the work of the United Nations system on the isthmus. United Nations verification of the Peace Agreement in El Salvador drew to a close at the end of 2002. United Nations verification is ongoing in neighbouring Guatemala, where implementation of the peace agreements remains slow.

* A/58/150.

** The submission of the present report was delayed in order to incorporate the results of consultations within the Organization.

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1. The present report is submitted pursuant to General Assembly resolution 57/160 of 16 December 2002. It summarizes the progress made by the countries of Central America in the areas of peace, freedom, democracy and economic development since the submission of my last report (A/57/384 and Add.1), in September 2002.

2. The General Assembly was first seized of the situation in Central America in 1983, when violent conflicts engulfed the region. I have since then submitted yearly reports that followed the efforts leading to the end of the armed conflicts and the successes and activities undertaken by the Governments and peoples of the region to build peaceful and equitable societies. The United Nations has actively accompanied the Central American countries in these endeavours since 1989, when the Governments of the region requested the Organization to verify compliance with provisions of the agreement they had reached in 1987 at Esquipulas, Guatemala (A/42/521-S/19085, annex).

3. Since that time, the Security Council and the General Assembly have fielded missions to monitor disarmament and demilitarization in several parts of the region; to assist Nicaragua to prepare and hold its 1990 elections and to verify the 1992 Peace Agreement of El Salvador (A/46/864-S/23501, annex), a process that came to an end in December 2002. Furthermore, the United Nations Verification Mission in Guatemala (MINUGUA), established in 1994 and now approaching its ninth year, is developing a strategy based on the strengthening of national institutions to ensure the sustainability of the peace process after the conclusion of the Mission's mandate.

I. Central American process

A. Electoral processes

4. In 2003, electoral processes in El Salvador and Guatemala have brought key actors in both countries' civil wars closer than ever since the signature of the respective peace agreements to executive responsibilities at the national level, a development that tests the resilience of the democratic system that emerged from the agreements. Voter turnout was low in El Salvador and political participation in the region as a whole continues to be limited. Political parties have shown signs of fragmentation, personalism and a tendency to forge circumstantial alliances aimed at immediate political gain, irrespective of policy differences. These trends hinder consensus-building around issues of importance to the electorate and may undermine trust in democratic institutions as effective instruments of governance. In Nicaragua and Honduras, the prospect of electoral reforms was lessened by lack of sufficient political will.

5. Municipal and legislative elections were held in El Salvador on 16 March 2003. Conducted for the fourth time since the signing of the Peace Agreement, the elections transformed the party of the former insurgent movement, Frente Farabundo Martí para la Liberación Nacional (FMLN) into the country's leading political force. The fact that the electoral process was largely peaceful and conducted in an orderly way is an illustration of the progress made by the country on the road to full democratization. However, absenteeism reached the 60 per cent mark, an indication of apathy that will require a concerted effort from all sectors in the political leadership to engage the citizenry in the future of their country. Organizational and

vote-counting problems confirmed the urgent need for electoral reform, as called for under agreements reached among the major political parties in 1994. The completion of the National Registry of Natural Persons and the creation of a single identification document enabled the Supreme Electoral Tribunal to organize residential voting for the 2004 presidential elections. It will be the responsibility of the new Legislative Assembly to separate and assign the administrative and jurisdictional functions currently concentrated in the Tribunal. A big challenge for the relevant institutions, the successful completion of the elections will be of paramount importance to the further consolidation of El Salvador's democracy. To a large extent, the possibility of reversing the declining voter participation and of restoring public trust in political parties will hinge on such accomplishments.

6. The date for the first round of voting in Guatemala's national elections was set for 9 November 2003, with a possible second round for the presidency on 28 December. The Supreme Electoral Tribunal launched a voter registration drive to counter the historically low participation, particularly among indigenous people. As the elections approached, the number of threats and attacks against human rights defenders, justice officials, trade unionists and journalists rose. In an atmosphere of political polarization, Congress was unable to obtain the two-thirds majority required to approve an Electoral and Political Parties Law that would have greatly expanded opportunities for participation, particularly by members of the Mayan, Xinca and Garífuna indigenous groups.

7. Campaigning began officially in May 2003, amid tensions surrounding the presidential aspirations of retired General Efraín Ríos Montt, the founder of the ruling Frente Republicano Guatemalteco who was the top military commander at the peak of the civil war, which resulted in the violent deaths of 200,000 people, most of them from the indigenous communities. On 10 July, representatives of the political parties signed an "Ethical-Political Agreement" on the electoral process and a declaration of commitment to the peace agreements. Notwithstanding that positive development, fears stemming from pressures to approve the candidacy of General Ríos Montt increased, including reported threats to the responsible magistrates and acts of intimidation against leading opponents. General Ríos Montt, who is also President of Congress, had twice been prevented from registering as a candidate for the presidency, on the basis of a constitutional provision that excludes former coup leaders from becoming elected presidents. While, on this occasion, the Supreme Electoral Tribunal and the Supreme Court of Justice upheld the ban, the decision was eventually overturned by the Constitutional Court, which cleared the way for General Ríos Montt's registration as a candidate.

8. The ruling prompted an outcry by human rights representatives and many sectors of the population and was received with concern by members of the international community in Guatemala. The Constitutional Court's decision came after violent protests by supporters of General Ríos Montt, who converged on the capital in buses and trucks, many of them hooded and wielding sticks, blockading streets, besieging the premises of the Supreme Court of Justice and committing acts of vandalism. A journalist reportedly died of a heart attack during the violence that ensued. This incident, and the threats that accompanied it, nurtured a climate of intimidation and lawlessness that has cast a shadow of uncertainty on the electoral process.

9. Nicaragua is due to hold municipal elections in November 2004. President Enrique Bolaños has announced profound institutional reforms that would separate the electoral system and the judiciary from the direct influence of political parties. The United Nations has provided assistance to this effort through the Electoral Assistance Division of the Department of Political Affairs. The Government expects to complete the process in 2003, but has been unable to gather the votes required for approving the reform package in the legislature, where the leading Partido Liberal Constitucionalista has split over investigations into a series of corruption cases in which the former administration is implicated.

10. In September 2001, Honduras' political parties reached a consensus on a number of political reforms. Amendments regarding the creation of a Supreme Electoral Tribunal and the separation of the National Elections Tribunal from the National Registry of Persons have been approved on first reading. The first draft of the Electoral and Political Organizations Law includes the regulation of electoral campaigns and political alliances, but constitutional amendments regarding the system of electing deputies and popular consultation mechanisms still have to be developed.

B. Human rights and public security

11. Efforts to improve the human rights situation in Central America continue to be affected by the lack of sufficient budgetary allocations to the leading national human rights institutions. Another negative factor in this area stems from deficiencies in the way States tackle the pervasive problem of common crime. The tendency to resort to the army and the proliferation of private security companies have often served to detract from much-needed action to strengthen the civil police. State agents have on occasion been found guilty of committing abuses under the pretext of restoring order. Child killings were on the rise in a region where, according to the Economic Commission for Latin America and the Caribbean (ECLAC) in 2000, some 74 per cent of the population was, on average, below 35 years of age.

12. In Guatemala, a climate of intimidation clouded institutional and civil society efforts to enhance the human rights situation and to fight impunity. Concern about the growing number of victims among human rights defenders, journalists, judges and prosecutors gave new impetus to a campaign conducted by leading human rights groups on the need to eradicate such practices. In March 2003, an agreement was reached between the Government and the Human Rights Ombudsman's Office, with strong support from non-governmental human rights organizations, to establish a Commission for the Investigation of Illegal Groups and Clandestine Security Apparatuses, with the participation of the United Nations and the Organization of American States. In response to a request by the Government, I sent an exploratory technical mission to assess the viability of such a commission and to determine the conditions for possible United Nations participation. The recommendations of the mission have been submitted to me for consideration and I intend to brief the General Assembly on the matter.

13. A positive step for the protection of human rights in Guatemala is that, when selecting a new Ombudsman in 2002, Congress chose one of the candidates proposed by civil society organizations. Although the Office still faces considerable

challenges, it has shown encouraging signs of reorganization and strengthening under the new leadership. However, the reform process is still hindered by low budgetary allocations and excessive reliance on international cooperation to finance reforms.

14. The common element in the threats and attacks reported in Guatemala has been the lack of results in official investigations. The State's institutional response has been isolated and limited. Although a presidential commission and a special prosecutor's office were established in mid-2002 to investigate threats against human rights activists, neither has received any significant financial support or meaningful degree of collaboration from other institutions. Progress in combating impunity was fragile even in high-profile cases that were sustained by strong international attention, as well as a determined effort by the families of victims, justice officials and human rights activists.

15. During the period under review, the Guatemalan National Civil Police was significantly weakened by lack of resources, and the Government responded to the growing crime problem by resorting to the army for joint operations. Lynchings without a forceful State response persisted, as did extrajudicial executions of street children. In May 2003, former members of the civil defence patrols, angry over delays in the delivery of promised benefits, burned down municipal buildings and a market in a rural town. These incidents illustrate the deficiencies of the police bodies in protecting citizens' security in a climate free of violence and intimidation.

16. In El Salvador, civil society and its organizations are becoming more mature in the defence, promotion and fulfilment of human rights. They generate activities, documentation and investigations that contribute to the understanding of priorities, deficiencies and possible advances in the area. The Ombudsman's Office has promoted and disseminated these rights. However, the institution, which grew out of the peace process, continues to be sorely underfunded; its yearly budget has not increased since its creation. The Office also remains isolated from other State institutions mandated to protect and promote human rights. A new Human Rights Division of the Salvadoran National Civil Police has yet to develop significantly, and the resolution of criminal cases continues to be low. Statistics report a decrease in certain categories of crime, such as kidnappings.

17. The rate of extrajudicial killings of children remained high in Honduras, as reported by the Special Rapporteur of the Commission on Human Rights on extrajudicial, summary or arbitrary executions (see E/CN.4/2003/3/Add.2), including instances of children killed by the security forces. According to a recent report of the Public Ministry, there are 74 cases against officials regarding such killings. The proliferation of largely unregistered firearms in the country poses a threat to public security. Recently, carriers of illegal firearms were given three months to hand them in but, although the unlawful possession of weapons carries severe penalties, the initiative has met with a lukewarm response. The crime rate is reported to have decreased as a result of joint police and armed forces operations. The large number of private security companies and the increased participation in citizen security committees have raised concerns about the State's control of such activities.

18. In Nicaragua, the Government has launched an initiative to improve public security, which includes investing in crime prevention and working closely with local communities. The National Police has scored significant success in its effort to

modernize and is now widely regarded as a professional body. The increase in drug trafficking has become a more serious issue, particularly on the Caribbean coast, where the actual presence of law enforcement institutions is weak, owing to the lack of resources and the vast extension of the region. The scarcely populated area has become a transit point in the drug route from Colombia to the United States of America. Recently, police authorities have been accused of involvement with drug trafficking.

C. Judicial reform and the rule of law

19. Countries in the region have taken important steps to establish a more transparent justice sector. For example, New Criminal Procedure Codes have introduced significant advances in Honduras and Nicaragua. In El Salvador, the new Criminal and Criminal Procedure Codes still require a full review. However, measures to improve access to prompt and due justice still fall short of expectations, particularly for the region's indigenous population and the rural poor. Penitentiary system reforms have made little headway and high levels of pre-trial detentions continued to result in overcrowding and lawlessness in prisons.

20. Honduras adopted a new Criminal Procedure Code in 2000, which replaced the old inquisitive system. With greater reliance on oral procedures, the accusatory system is thought to be less prone to corruption. The Code provides alternative forms of punishment and ensures the judicial sector 3 per cent of the country's budget. It increases the independence of the Supreme Court of Justice, prolongs the electoral cycle of its 15 magistrates and introduces a new election system for those magistrates: the National Congress is to choose from a list of 45 candidates selected by a team of experts. On 5 April 2003, a massacre that claimed 69 lives in a Honduras prison exposed the pressing need for an overhaul of the country's penitentiary system.

21. At the beginning of 2002, President Bolaños of Nicaragua created a Commission for Judiciary Reforms comprised of 30 highly recognized professionals. On the basis of consultations with different sectors of society, the commission is to draft a reform proposal that would improve the independence and efficiency of the judiciary. A new Criminal Procedure Code entered into force in December 2002, substituting written procedures with more modern oral trials. This has led to important changes in institutions such as the Attorney-General and Solicitor General's offices, which have undertaken institution-strengthening programmes. A law on the judicial profession is currently being discussed in the National Assembly; it would ensure the selection of judges on merit. The National Assembly has failed to elect substitutes for the five magistrates of the Supreme Court of Justice who finished their term in 2002. Four justices of the 16-member court will complete their tenure in September 2003. The President has strongly advocated the appointment of non-partisan magistrates.

22. El Salvador's justice sector has received growing attention, both domestically and internationally. Despite a significant improvement in the judicial branch's performance — particularly as regards the independence of its resolutions — the rate of reforms has been insufficient to earn public confidence in the system. A factor that affects performance is the concentration of judicial review and administrative functions in the hands of the Supreme Court of Justice. Public

confrontation between the Court and the National Judiciary Council over the authority to appoint judges has further undermined the credibility of the judicial system. An ad hoc commission intended to ensure coordination between these institutions has been reactivated. Successive amendments to the 1998 Criminal and Criminal Procedure Codes, introduced as a result of pressures to tackle the rise in crime, need to be reviewed to ensure their consistency with the constitution and their effectiveness in the prevention and repression of crime.

23. In Guatemala, budgets for key institutions remained insufficient, slowing judicial reform efforts. Budgetary planning for the justice system appears improvised and lacking strategic vision. With the aim of expanding access to the justice system, which is one of the most important pending aspects of the peace agreements, three new centres for the administration of justice were opened in remote and predominantly indigenous areas. Their effectiveness, however, has been limited by deficiencies in inter-institutional coordination and unclear policies for hiring bilingual staff.

D. Governance

24. Some significant efforts were made to tackle the problem of corruption in the region, which continues to undermine trust in the political and institutional system and constitutes a serious obstacle to good governance.

25. On 12 December 2002, Nicaragua's National Assembly voted to strip former President Arnoldo Alemán, implicated in a US$ 100 million corruption scandal, of his parliamentary immunity; 10 days later, Mr. Alemán was convicted of money-laundering. The case has divided the leading Partido Liberal Constitucionalista and has affected governance: the large majority of party lawmakers who sided with Mr. Alemán boycotted the work of the Assembly in the months leading up to the December decision and decided to join the opposition in the spring of 2003. A multi-donor trust fund to support President Bolaños' fight against corruption was established. A Public Ethics Office was created within the Presidency with resources from seven countries and the United Nations Development Programme (UNDP). The Comptroller General's Office is receiving foreign support to finance an ambitious plan to improve the internal audit capacities of institutions and municipalities. The Ministry of Finance has advanced in the implementation of the Integrated Financial Management System, which allows real-time monitoring of budget execution. A bill is currently being discussed in the National Assembly to regulate the transfer of resources from the central budget to the municipalities. A draft bill to improve access to Government information, sent to the legislature in March 2002, is stalled in the National Assembly.

26. In El Salvador, the Legislative Assembly approved a law reforming the Government's auditing agency, the Court of Accounts. Currently, journalists have free access to audit reports as soon as they are submitted to the agency. With the reform, however, such reports will remain sealed until the auditing process is completed. Because the new law sets no time limit on the auditing process, documents could be sealed indefinitely.

27. In Honduras, the Comptroller General's Office and the Board of Administrative Integrity were replaced by the Superior Court of Accounts. The National Congress elected the three members of the Court in a process that was

criticized for lacking the transparency that characterized the 2002 election of the Supreme Court members. Honduras' National Anticorruption Council, created in 2001, was limited in its ability to carry out its mandate, owing to the absence of the relevant organic law. In a positive development, Honduras carried out an international audit of the military institute and the companies related to it, the first effort of its kind in Latin America. The enterprise has forged a closer relationship between the Armed Forces and civil society.

28. Guatemala's 2003 budget law came slightly closer than in the previous year to the levels required for ministries, secretariats and other Government institutions tasked with carrying out the provisions of the peace agreements. Nonetheless, the amounts remain insufficient for any significant expansion or improvement in the much-needed services of those institutions. A major factor behind the budgetary shortages is the continuing failure to increase tax revenues to the target of 12 per cent of gross domestic product (GDP) established in the peace agreements. Although there was notable improvement in tax collection and administration, the tax base increased to only 10.5 per cent of the GDP in 2002. The organized private sector maintained its resistance to tax increases, attempting to justify this position by citing corruption.

29. New accusations surfaced regarding corruption and influence of drug trafficking and organized crime in Guatemala's governmental spheres. In January 2003, the Government of the United States announced that it had decertified Guatemala as a cooperative ally in the fight against illegal drugs.

E. Economic situation in the region

30. In the past year, Central American economies recovered slightly from the impact of the terrorist attacks of 11 September 2001 and the global recession. The common market became more dynamic as a result of negotiations on the Central America Free Trade Agreement, the Canada-Central America Four Free Trade Agreement and the regional customs union. The GDP of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua grew by 1.9 per cent, according to preliminary estimates of the Economic Commission for Latin America and the Caribbean, but per capita GDP on average fell by 0.46 per cent. Growth in the textile industry and exports and increased remittances were offset by depressed coffee prices.

31. The performance of the Central American economies was sufficient to maintain the macroeconomic stability that the region acquired in recent years, but poverty levels are very close to those of the 1980s decade; in 2001, about half of the Central American population was poor and nearly a quarter lived in extreme poverty. The informal sector, which provided more job opportunities, is associated with precarious labour conditions.

32. The Gini Coefficient, a measure of income inequality that ranges from 0 (perfect equality) to 1 (complete inequality), shows high levels of inequality: with the exception of Costa Rica, all countries rate between 0.5 and 0.6. Costa Rica's level of inequality, one of the lowest in Latin America, has of late experienced an increase. In its 2003 human development index, calculated on the basis of life expectancy, adult literacy, level of schooling and per capita GDP, UNDP placed the Central American countries, with the exception of Costa Rica, in the category of

nations with "medium human development". Costa Rica was classified as a country with "high human development".

33. The World Bank classifies El Salvador and Guatemala as "less indebted, middle-income" countries and, according to figures, recently released by the Bank, Honduras' external debt from 1999 to 2001 on average equalled 88 per cent of its gross national income. In April 2003, the International Monetary Fund listed the date for Honduras' completion point of the Heavily Indebted Poor Countries Initiative as floating. The payment of external debt interests was reduced as a result of the adjustments arrived at within the framework of the Paris Club.

34. Nicaragua's external debt over the same 1999-2001 period amounted to 306 per cent of its gross national income, according to the World Bank. In December, the Government concluded an agreement with the International Monetary Fund, an important element in the effort to reach the completion point of the Heavily Indebted Poor Countries Initiative at the end of 2003, which might lead to the write-off of about 90 per cent of foreign debt. However, a massive issuance of bonds and certificates to pay for the properties confiscated during the 1980s and the bank failures that took place in the administration of former President Alemán created an internal debt of as much as US$ 1,469 million at the end of 2002. A Consultative Group meeting, to be held in Managua, has been rescheduled for September 2003, and will be supported by the Inter-American Development Bank.

35. On 8 January, Central American ministers met with the United States Trade Representative to launch the negotiations on the Central America Free Trade Agreement, which the Governments of the United States and the Central American countries hope to reach by the end of 2003. Once the agreement is arrived at, it will have to be presented to the various Parliaments for approval. Talks regarding the Canada-Central America Four Free Trade Agreement, involving Canada, El Salvador, Guatemala, Honduras and Nicaragua, are ongoing. The negotiations on a Central American common customs union were dynamic in the past year, with Costa Rica fully joining them. A mechanism for the resolution of trade disputes was approved.

36. On 2 June in Washington, D.C., delegates of the eight countries involved in the Plan Puebla Panama, a comprehensive initiative for regional integration and development that was launched in 2001 and has the support of various international organizations, including the Inter-American Development Bank, adopted a strategy for the implementation of the Mesoamerican Initiative for Sustainable Development. The Initiative is to ensure that all Plan Puebla Panama projects include sound environmental management practices. The Plan envisages sustainable and human development, natural disaster prevention, tourism promotion, trade facilitation, energy interconnection and the integration of telecommunications, as well as highways. To date, most of the projects that have crystallized pertain to the infrastructure component of the Plan.

F. Regional and extraregional institution-building

37. The 10-year-old Central American Integration System (SICA) has regional security and the fight against terrorism and organized crime high on its agenda and legal instruments and action plans are being developed. On 12 May, the Nineteenth Ministerial Conference on Political Dialogue and Economic Cooperation was held

between the European Union and SICA Member States in Panama City. Participants acknowledged the importance of civil society's participation in strengthening European Union-Central America relations and agreed that meetings of the civil society forums in each region should be encouraged. In this regard, they stated their intention to instruct their respective permanent missions to the United Nations to work on the definition of international forums and mechanisms for consultation on topics such as peaceful solution of conflicts, fight against drugs and terrorism. The first round of negotiations of the Political Dialogue and Cooperation Agreement was held from 13 to 15 May.

38. The third regular session of the Inter-American Committee against Terrorism of the Organization of American States was held in San Salvador from 22 to 24 January. During that session, the Secretary-General of SICA informed participants of anti-terrorism actions in Central America. El Salvador, the Minister of Foreign Relations of which took over the Presidency of the Committee, ratified the 2002 Inter-American Convention against Terrorism; Nicaragua adhered in June and Costa Rica and Peru signed a letter of understanding relating to the inter-American fight against corruption. Among other things, the letter expressed the commitment of both Governments not to allow the territories of their countries to be used as a haven for fugitives from justice and to promote the adoption of a norm within the inter-American framework that would ban individuals with a criminal record of corruption from public office at the national level or in international organizations.

39. Over the past year, Costa Rica continued to be part of the troika that heads the Rio Group. On 28 March, the XI Institutionalized Ministerial Meeting between the Rio Group and the European Union was held in Athens. Discussions focused on European Union-Rio Group relations and on social cohesion and democratic governance in the new economic environment. On 23 and 24 May, the 19-member Rio Group held its XVII Summit in Cuzco, Peru, and adopted the "Cuzco Consensus", a strategic agenda for overcoming poverty and social exclusion and covering democratic governance, cultural identity and external relations, as well as the promotion of a free and fair international trade system. The signatories of the Consensus agreed to a special meeting within the framework of the fifty-eighth session of the General Assembly.

G. Natural disasters and environmental challenges

40. Central America continued its recovery from the multiple catastrophes that hit the region since 1998. Not only was more attention given to emergency relief, but also to national and regional initiatives for the prevention and mitigation of natural calamities.

41. The past year was relatively benign in terms of natural disasters. Seismic and volcanic activity did not have major consequences; the incidence of hurricanes was lower and, although drought hit unexpected areas, it was not as severe as had been anticipated. There was serious flooding, which needs to be seen in connection with Central American high rate of deforestation. At the end of 2002, Costa Rica was hit with the worst rains in 30 years: flooding damaged around 25,000 homes and destroyed infrastructure and crops. On 23 April 2003, a south-eastern department of Guatemala experienced a landslide that took the lives of over 20 people.

42. The northern part of Nicaragua, where pine forests had already been affected by the pine weevil (gorgojo descortezador del pino), suffered the effect of widespread forest fires during the dry season. The areas most prone to natural disasters in Central America are also those showing high poverty indicators. Central America continues to have an alarming rate of deforestation, a fact that can be ascribed to several factors, including high population growth and intensified business and agricultural activities.

43. Central America sought to recover from the devastating impact of the 1998 hurricane Mitch, which laid waste to the entire region; the 2001 earthquakes in El Salvador; region-wide drought; and the 2001 hurricane Michelle, which affected Honduras and Nicaragua. Intense reconstruction efforts with international assistance are ongoing. The disasters caused food shortages in Guatemala, Honduras and Nicaragua, as well as in parts of El Salvador. Crop loss, low prices on the world market, distribution problems and poverty resulted in a more fragile economic environment for large sectors of the population, further encouraging migration, both within and outside the region.

44. The need to address and prevent the effects of natural disasters received attention at the highest political level, a fact illustrated by the implementation of recommendations of the International Strategy for Disaster Reduction; meetings of the Regional Consultative Group for Central America; and the designation of the five-year period 2000-2004 as the Quinquennium for the Reduction of Vulnerability to and the Impact of Natural Disasters in Central America. The Central American Coordination Centre for Disaster Prevention, which falls under the umbrella of SICA, is coordinating the Quinquennium. Attempts to reduce the region's vulnerability to natural disasters have also been undertaken by the Central American Bank for Economic Integration, the Inter-American Development Bank and the World Bank. The Organization of American States Unit for Sustainable Development and Environment provides technical support in this area through activities that include hazard and vulnerability assessments.

H. Bilateral issues: border disputes

45. Various border disputes continued their course in the International Court of Justice and the Organization of American States facilitated progress in the Guatemala/Belize boundary disagreement.

46. The Nicaraguan-Honduran dispute over territorial waters is pending resolution in the International Court of Justice. Notwithstanding this, Nicaragua's National Assembly approved a resolution on the suspension of the 35 per cent tax for importing products from Honduras. The tax was imposed in 1999, when the Government of Honduras ratified the Ramírez-López Treaty with Colombia, which has implications for Nicaragua's claims to several islands and keys in the western Caribbean. The conflict between Nicaragua and Colombia regarding those islands and keys is also before the International Court. The issue of the concessions for oil exploration granted by Nicaragua to foreign companies in the Caribbean has been cleared. It was established that the areas awarded in the first round of bids are located in undisputed Nicaraguan territory, rather than in disputed areas as originally claimed. During the present year, El Salvador has requested the revision of the 1992

dictate of the Court in relation to the territorial dispute between that country and Honduras.

47. Under the auspices of the Organization of American States, progress was made on the territorial dispute between Guatemala and Belize. After high-level delegations from both countries met with facilitators to find a just, equitable and definitive resolution to their dispute, in September 2002, the facilitators proposed a package of solutions to be submitted to a referendum in Guatemala and Belize. While Belizean authorities took steps to secure passage of the settlement, the Government of Guatemala chose not to put the matter to voters, leaving the proposal in limbo. On 7 February, Guatemala and Belize signed an agreement to establish a transition process as well as confidence-building measures.

II. United Nations

A. United Nations in El Salvador

48. On 6 September 2002, I reported to the General Assembly that the United Nations verification of the Peace Agreement, a function that the Organization had exercised since its signature in 1992, had come to an end (A/57/384 and Add.1). I informed the Assembly of the Government's commitment to extend benefits to those left incapacitated by the fighting and to the dependants of combatants who had lost their lives on both sides of the conflict, the last point being subject to United Nations verification.

49. In the addendum to the report, dated 20 December 2002, I commended the Government, the FMLN and the people of El Salvador for their vision and dedication in leaving behind the legacy of war and constructing a new, peaceful society. I highlighted the fact that their continued commitment and dedication would be crucial to fully realize the four goals that the parties had set for themselves in 1990, namely the end of the war, full respect for human rights, democratization and reconciliation, and I pledged that the Organization would continue to support El Salvador in its efforts to achieve the fully democratic and equitable society it seeks.

50. On 29 May, in compliance with a recent agreement that the SICA Council of Ministers of Foreign Affairs signed to further activate the 1995 Framework Treaty on Democratic Security in Central America, the Government of El Salvador submitted an inventory of the armaments of its armed forces. On 8 July, in a letter addressed to me, the FMLN confirmed its decision to lift its reservation regarding the permanent character of the armed forces and its recognition of the role that the Armed Forces currently fulfil and the transformation of its doctrine, vision, values and organization and from the faithful compliance with the peace accords.

B. United Nations in Guatemala

51. Verification by MINUGUA of the pending commitments of the peace agreements focused on four broad areas: human rights; the identity and rights of indigenous peoples; demilitarization and the strengthening of civilian power; and socio-economic aspects and the agrarian situation. In evaluating progress made during the period, the Mission took account not only of the Implementation,

Compliance and Verification Timetable established by the Commission to Follow up Implementation of the Peace Agreements, which extends until 2004, but also the commitments made by the Government of Guatemala at the Consultative Group meeting held in February 2002. That meeting established a clear Government commitment to accelerate implementation of the agreements.

52. Progress in implementation fell short of expectations and was insufficient to inject needed momentum into the peace process. Advances were recorded in certain areas, such as the passage of legislation against discrimination, the redeployment of military units and the development of a national reparations programme for the victims of human rights violations committed during the armed conflict. However, setbacks occurred in key areas of human rights, demilitarization and the fight against impunity.

53. Over the past year, MINUGUA intensified a transition programme designed to strengthen the national capacity to carry the peace agenda forward following the conclusion of the Mission. Among the MINUGUA transition partners, special priority has been placed on the Office of the Human Rights Ombudsman. Under a memorandum of understanding signed during 2002, the Mission has been providing training in the area of human rights verification, thus sharing the experience gained in this field since the installation of MINUGUA.

54. The Mission's transition strategy also attaches great importance to ensuring follow-up to the peace process by the international community in general and particularly the specialized agencies, funds and programmes of the United Nations system. Of special importance has been increased coordination with the Office of the United Nations High Commissioner for Human Rights, in the expectation that it will expand its presence in Guatemala as MINUGUA departs. Of significance also are the roles of UNDP in providing technical assistance for peace priorities and reporting by the United Nations country team on compliance with socio-economic commitments of the peace agreements.

C. United Nations operational activities

55. UNDP is partnering with Central American countries to respond to the onslaught of natural disasters. The aim is to ensure continuity after humanitarian relief by putting in place early recovery initiatives to mitigate the impact of disasters and enhance preparedness in the rebuilding process. In Guatemala, the UNDP project on an early flood warning system in the valleys of Madre Vieja River, implemented by the National Coordinator for Disaster Reduction, is helping to reduce risks and sustain human development among highly vulnerable communities. The United Nations system in Honduras has undertaken actions in support of risk management, fortification of prevention measures, handling the hydrographic river basins, sustainable rural development, inter-institutional support to the forest sector and decentralization. The system strengthened its strategic contribution to the development of rural society. In Nicaragua, UNDP has been working with six municipalities in northern Nicaragua to support risk management. After hurricane Michelle severely damaged homes and livelihoods, the regional Governments in Nicaragua and the International Forum of Donors of the Atlantic Coast asked UNDP to coordinate the assessment of damages and needs and the management of the emergency and the transition to recovery through the Forum. UNDP implemented a

capacity-building project and by March 2003 had trained 86 local authorities and community members in disaster risk management. ECLAC has carried out capacity-building on the area of assessing the impact of disasters with regional institutions such as the Coordination Centre for Natural Disaster Prevention in Central America.

III. Observations

56. Political inclusion provides an avenue for resolving differences in non-violent ways; in societies recently torn by armed conflict, such as El Salvador and Guatemala, it puts to the test the solidity of the institutions and the political system that emerged from the peace agreements. The degree of tolerance is also a measure of the extent to which the protagonists of the armed conflict have incorporated the principles and commitments implied by the peace agreements. Elections are an important component of a democratic process, but they need to be entrenched in a system that upholds the rule of law and respect for human rights. A measure of the success of elections is the fact that they are conducted in full transparency and that citizens are guaranteed the right to express their views and cast their votes free of the threat of violence, intimidation and pressures.

57. Signs of fragmentation and personalism in Central America's political parties have fostered alliances that seek short-term political gain to the detriment of consensus-building around key policy issues. By diluting the political leadership's accountability to the constituencies they claim to represent, these trends constitute a disincentive to political participation, which may undermine the credibility of democratic institutions. Decisive leadership and vision will be needed to reverse this trend and fully re-engage the people of Central America in shaping the future of their countries.

58. The fight against impunity remains the main challenge ahead for the region. The deterioration of the human rights situation in Guatemala and the cases of intimidation as the electoral process approached are worrying. The proposal by civil society, since endorsed by the Government of Guatemala, to investigate armed clandestine groups has merit, and should receive the full support of the international community. Central American countries have taken valuable initiatives to strengthen their judiciary and transform their security and military forces in accordance with democratic principles. Steps taken to promote transparency in weapons inventories and in budgetary allocations are positive indications of the changes that some of the armed forces of the region have undergone and constitute confidence-building measures that should be emulated.

59. Yet much remains to be done to ensure that the promise of prompt and due justice becomes a reality that extends to all the people of the region, including those in the most vulnerable positions, and particularly the indigenous communities and the rural poor. Courageous and decisive action is required to combat the bane of corruption on which impunity thrives.

60. Ensuring that all sectors of society can lead their lives in an atmosphere of security, free of intimidation and threats, is an obligation that the State should not surrender. State security policies should have as a priority the strengthening of civilian police bodies as the main instruments to protect citizens from the threat posed by criminal activities. The system for vetting police officers, keeping their performance under review and punishing those guilty of corruption and abuse

should be strengthened. Adequate control should be exercised over private security initiatives.

61. Appropriate budgetary allocations and inter-institutional cooperation should be secured for the institutions on which the protection and promotion of human rights and rule of law depend. The responsibility for ensuring this does not rest with Governments alone; adequate fiscal revenues from private businesses would enable the national authorities to have the necessary resources at their disposal. When applied with appropriate control mechanisms, increased revenues serve to eradicate one of the main incentives to corruption.

62. It is encouraging that bilateral disputes between Central American countries are increasingly finding their resolution through the established international channels. In the firm belief that bringing closure to the territorial issues pending between Guatemala and Belize is a key step in creating conditions for stability and sustainable development, I call upon the peoples and Governments of both countries to give serious consideration to the proposals made in September 2002 to resolve this long-standing dispute. Such processes as the Central American Free Trade Association and the Plan Puebla Panama are examples of the new forms of association that can reshape the region. They provide opportunities for advancement and present difficult challenges. Concerted efforts will be required to ensure that all Central American countries and all segments of their populations draw benefits from the new arrangements. Only by promoting inclusion at the political, socio-economic and cultural levels will the region achieve peaceful, democratic and just societies. The United Nations and the international community should continue to accompany the Central American countries in their efforts to reach these goals.